



OFFICE OF THE SHERIFF

COUNTY OF LOS ANGELES

HALL OF JUSTICE

JIM McDONNELL, SHERIFF

211 WEST TEMPLE STREET, LOS ANGELES, CALIFORNIA 90012

A Tradition of Service
— Since 1850 —



June 21, 2016

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Dear Supervisors:

**APPROVE AMENDMENT NUMBER FIVE TO AGREEMENT NUMBER
76516 WITH ARXIUM, INCORPORATED, FOR EQUIPMENT
MAINTENANCE, REPAIR, AND SUPPORT SERVICES
(ALL DISTRICTS) (3 VOTES)**

**CIO RECOMMENDATION: APPROVE (X) APPROVE WITH MODIFICATION ()
DISAPPROVE ()**

SUBJECT

The Los Angeles County (County) Sheriff's Department (Department) is seeking the Board's approval of Amendment Number Five (Amendment) to Sole Source Agreement Number 76516 (Agreement) with ARXIUM, Incorporated, formerly Automated Technologies, Incorporated, (ARXIUM) for continued maintenance, repair, and support services (Services) for the Department's Medical Services Bureau's (MSB) automated medication packaging machines (Platform).

IT IS RECOMMENDED THAT THE BOARD:

1. Approve and instruct the Chair of the Board to sign the attached Amendment to the Agreement with ARXIUM for Services, which extends the term of the Agreement for one year, with two one-year optional extension periods, while the Department moves its operations to the Department of Health Services (DHS) and increases the Maximum Contract Sum by \$664,255 for a total Maximum Contract Sum not to exceed \$1,556,480 for the term of the Agreement. The Agreement expires on September 30, 2016.
2. Delegate authority to the Sheriff or his designee to execute Change Notices and Amendments to the contract in order to: (1) Add and/or update standard County contract provisions as required by the Board or the County's Chief Executive Office (CEO); (2) Exercise the extension options if it is in

the best interest of the County; and, (3) Add and/or delete machines.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of this action will allow the Department to move its operations to DHS and allow DHS to analyze the various options for a pharmacy-based automated medication packaging system and make a recommendation to the Board for a future solution.

This Amendment is necessary to keep the Platform running efficiently. ARxIUMs technology is designed to meet the high prescription-dispensing volume needs of the Department's MSB, which on average dispenses over 90,000 active medication orders daily.

As a result of the current transfer of MSB to DHS, and the time needed to evaluate alternative solutions, it is in the County's best interest to continue to operate and maintain the current ARxIUM Platform.

ARxIUM service personnel or any County-authorized subcontractor of ARxIUM are the only authorized representatives who may Service the Platform. ARxIUM does not train, certify, license, or otherwise endorse any third-party to provide Services, and/or upgrade services to their equipment.

Implementation of Strategic Plan Goals

The Services provided under this Agreement support the County's Strategic Plan, Goal 3, Integrated Services Delivery; maximizing the opportunities to measurably improve client and community outcomes and leverage resources through the continuous integration of health and public safety.

FISCAL IMPACT/FINANCING

The proposed Amendment will extend the term of the Agreement for one year, plus two one-year optional extension periods. The Maximum Contract Sum includes a fixed price for preventative maintenance in the amount of \$390,738 plus a contingency fund in the amount of \$273,517 for required emergency/after-hours repairs and calls for service to ensure 24 hours, 7 days a week operations without interruption. Funding will be allocated in the Department's operating budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Department houses over 9,000 inmates who have a need for medication on a daily basis. Each day, there are over 90,000 active orders for medications for these patients. As a result, the dispensing of such large quantities of medications to patients is a massive undertaking. To achieve this goal, the Department's MSB initially purchased three FDS 330 Platforms from ARxIUM under a purchase order issued by the Internal Services Department in 2000. Since the initial purchase, the Department has purchased an additional six machines for a total of nine, which are operating in four locations (Twin Towers Correctional Facility, Century Regional Detention Facility, Mer's Central Jail, and North County Correctional Facility).

The individual machines are capable of packaging up to 60 single-dose medications per minute and up to 40 multiple-dose medications per minute. The machines pack medications by the inmate's name, facility, module/room, bed, and dosage time. This enables the medical staff to have medications ready to dispense at the time of administration. Inmate-specific medical information is provided to the Platform through an interface with the Jail Health Information System (JHIS).

Since the initial purchase, the Platform has been upgraded from the FDS 330 to the FastPak EXP. The Platform reduces medication waste as unused medications can be re-issued. The Platform eliminates errors in dispensing medications that could cause adverse reactions and expose the Department to unnecessary risk. The Platform is a pharmacy-based automated medication packaging system that enables the Department to remain in compliance with California pharmacy laws.

The Chief Information Office (CIO) reviewed this Board letter and recommends approval. The CIO determined this recommended action contains no new Information Technology (IT) matters requiring a CIO Analysis, because this is a continuation of the original Sole Source and the terms and conditions have not changed; therefore, no formal CIO Analysis is required.

The Amendment has been reviewed and approved as to form by County Counsel.

CONTRACTING PROCESS

The Services have been provided by ARxIUM under Agreement Number 76516, which was approved by the Board on April 1, 2008; however, the Department has owned and operated ARxIUM machines since 2000.

On March 9, 2016, the Department submitted to the Board an Advance Notification of Intent to Enter into Negotiations for a Sole Source Amendment to Agreement Number 76516 with ARxIUM Technologies, Incorporated.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of this action will ensure continued Services of MSB's Platform.

CONCLUSION

Upon Board approval, please return two copies of the adopted Board letter to the Department's Contracts Unit.

Sincerely,



JIM McDONNELL
Sheriff

Reviewed by:



PETER LOO
Acting Chief Information Officer

**AMENDMENT NUMBER FIVE TO AGREEMENT NUMBER 76516
BY AND BETWEEN COUNTY OF LOS ANGELES
AND ARxIUM, INC.
FOR EQUIPMENT MAINTENANCE, REPAIR AND SUPPORT SERVICES**

This Amendment Number Five (hereinafter "Amendment") to Agreement Number 76516 (hereinafter "Agreement") is entered into by and between County of Los Angeles (hereinafter "County") and ARxIUM, Inc., formerly Automated Technologies, Inc. (hereinafter "Contractor"), effective upon execution by both parties.

- A. WHEREAS, on April 1, 2008, County and Automated Technologies, Inc. (hereinafter "Automed") entered into the Agreement to provide Equipment Maintenance, Repair, and Support Services; and
- B. WHEREAS, effective February 17, 2010, County and Automated entered into Amendment Number One to update the Agreement provision entitled "Contractor's Obligations as a Business Associate Under the Health Insurance Portability and Accountability Act of 1996" with the revised provision entitled "Contractor's Obligations as a Business Associate Under the Health Insurance Portability and Accountability Act of 1996 and the Health Information Technology for Economic and Clinical Health Act (Business Associate Agreement)", and to add new County-mandated provisions and exhibit regarding the County Defaulted Property Tax Reduction Program; and
- C. WHEREAS, on February 21, 2013, County and Automated entered into Amendment Number Two to extend the term of the Agreement for six (6) months from April 1, 2013, through and including September 30, 2013; and
- D. WHEREAS, on September 24, 2013, County and Automated entered into Amendment Number Three to extend the term of the Agreement for an additional three (3) years, from October 1, 2013, through and including September 30, 2016, and to increase the Maximum Contract Sum by \$390,625; and
- E. WHEREAS, on April 13, 2016, County and Contractor entered into Amendment Number Four to (1) memorialize the Share Purchase Agreement and stock transfer from AmerisourceBergen Holding Corporation to Intelligent Hospitals Systems, Inc., (2) memorialize the merger of AutoMed Technologies, Inc. into Intelligent Hospital Systems, Inc., (3) memorialize the corporate name change from AutoMed Technologies, Inc. to ARxIUM, Inc., (4) update the County-mandated provision regarding the GAIN/GROW Program, (5) add the County-mandated provision regarding Time Off for Voting, and (6) update County's contact information; and
- F. WHEREAS, the Agreement currently expires on September 30, 2016; and

- G. WHEREAS, County desires to extend the Term of the Agreement for an additional one-year period from October 1, 2016, through and including September 30, 2017, plus two one-year option periods.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, and for good and valuable consideration, County and Contractor hereby agree to amend the Agreement as follows:

1. Section 7 (Term) of the Agreement is deleted in its entirety and replaced as follows to extend the Term of the Agreement through September 30, 2017.

7. TERM

- 7.1 The Term of this Agreement shall commence April 1, 2008 and shall terminate on September 30, 2017, unless terminated earlier in whole or in part, as provided in this Agreement.
 - 7.2 County shall have the sole option to extend the Term of this Agreement for two (2) additional one-year option periods (each an "Option Term"), for a total extension not to exceed three (3) years. Any such extension shall be in the form of a written Amendment to this Agreement executed by both Sheriff and Contractor. As used herein, the "Term" shall mean the initial term and, if extended, each Option Term, as the case may be.
 - 7.3 The County maintains databases that track/monitor Contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether County will exercise an Option Term extension.
 - 7.4 Contractor shall notify the Department when this Agreement is within six (6) months from the expiration of the Term as provided for hereinabove. Upon occurrence of this event, Contractor shall send written notification to the County Project Director at the address herein provided in Subparagraph 3.1.1 (County Project Director) of this Agreement.
2. Except as expressly provided in this Amendment, all other terms, and conditions of the Agreement shall remain the same and in full force and effect.
3. Contractor represents and warrants that the person executing this Amendment for Contractor is an authorized agent who has actual authority to bind Contractor to each and every item, condition, and obligation of this Amendment and that all requirements of Contractor have been fulfilled to provide such actual authority.

**AMENDMENT NUMBER FIVE TO AGREEMENT NUMBER 76516
BY AND BETWEEN COUNTY OF LOS ANGELES
AND ARxIUM, INC.
FOR EQUIPMENT MAINTENANCE, REPAIR AND SUPPORT SERVICES**

IN WITNESS WHEREOF, the County of Los Angeles, by order of its Board of Supervisors has caused this Amendment to be executed on its behalf by the Chair of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof, and Contractor has caused this Amendment to be duly executed on its behalf by its authorized officer.

COUNTY OF LOS ANGELES

By: _____
Chair, Board of Supervisors

ATTEST:
LORI GLASGOW
Executive Officer
Los Angeles County
Board of Supervisors

By _____
Deputy

ARxIUM, INC.

By: 

Printed: Rawee Nawaretan

Title: C.O.O.

APPROVED AS TO FORM
MARY C. WICKHAM
County Counsel

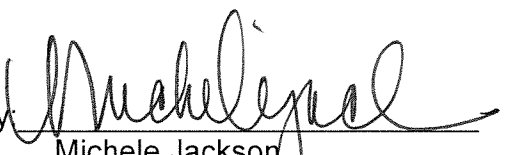
By: 
Michele Jackson
Principal Deputy County Counsel

EXHIBIT B – ATTACHMENT 1 – PRICE SHEET
LOS ANGELES COUNTY SHERIFF
Service Maintenance Contract Renewal - 3 Years
Effective 10/1/16 thru 09/30/19

MANUFACTURER MODEL	LOCATION	INSTALL DATE	SERIAL NO.	ANNUAL FULL YEAR 1 10/1/16 thru 9/30/17	ANNUAL FULL YEAR 2 10/1/17 thru 9/30/18	ANNUAL FULL YEAR 3 10/1/18 thru 9/30/19	PREFERRED HOURLY RATES
FastPak EXP	Twin Towers	09/06	34.60100271 34A.60100271	\$14,092	\$14,515	\$14,950	Business Hours \$0 Other than Business Hours/Overtime \$190.00 Holiday \$250.00
FastPak EXP	Twin Towers	09/06	34.60100272 34A.60100272 37A50202474	\$16,655	\$17,155	\$17,670	Business Hours \$0 Other than Business Hours/Overtime \$190.00 Holiday \$250.00
FastPak EXP	Century Regional	09/06	34.60100266 34A.60100266	\$14,092	\$14,515	\$14,950	Business Hours \$0 Other than Business Hours/Overtime \$190.00 Holiday \$250.00
FastPak EXP	Century Regional	03/06	34.60100267 34A.51015187	\$14,092	\$14,515	\$14,950	Business Hours \$0 Other than Business Hours/Overtime \$190.00 Holiday \$250.00
FastPak EXP		03/11	34.10100117 34A.10100117	\$14,092	\$14,515	\$14,950	Business Hours \$0 Other than Business Hours/Overtime \$190.00 Holiday \$250.00
FastPak EXP		03/11	34.10100118 34A.10100118	\$14,092	\$14,515	\$14,950	Business Hours \$0 Other than Business Hours/Overtime \$190.00 Holiday \$250.00
FastPak EXP		03/11	34.10110140 34A.10100140	\$14,092	\$14,515	\$14,950	Business Hours \$0 Other than Business Hours/Overtime \$190.00 Holiday \$250.00
FastPak EXP	Sheriff-NCCF	07/13	34.13020015 34A.13020015 34A.13040021	\$4,133 (Pro-Rated 3 Mos.)	\$17,155	\$17,670	Business Hours \$0 Other than Business Hours/Overtime \$190.00 Holiday \$250.00
FastPak EXP	Men's Central Jail	07/13	34.13020012 34A.13020012, 34A.12110131	\$4,133 (Pro-Rated 3 Mos.)	\$17,155	\$17,670	Business Hours \$0 Other than Business Hours/Overtime \$190.00 Holiday \$250.00
				Total Annual = \$109,473.00 Less 5% Multi-Machine Discount = \$103,999.35	Total Annual = \$138,555.00 Less 5% Multi-Machine Discount = \$131,627.25	Total Annual = \$142,710.00 Less 5% Multi-Machine Discount = \$136,574.50	

Full Service Plan on the FastPak EXP Units-

All machine replacement parts are included with a Full Service Agreement

24/7 Phone Support at no extra cost

All service visits during business hours at no cost (preferred rate for overtime, weekends and holidays) with exceptions listed in Exhibit B, Section 6.2

2 free preventative maintenance visits per year with a Full Service Agreement